

A RESOLUTION BY
TRANSPORTATION COMMITTEE

08-*R*-2304

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AGREEMENTS BETWEEN THE CITY AND WIRELESS INTERNET SERVICE PROVIDERS TO UTILIZE AIRPORT EQUIPMENT TO PROVIDE WIRELESS INTERNET SERVICE AT THE HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, UNTIL MARCH 1, 2010, AND FOR OTHER PURPOSES.

WHEREAS, the City of Atlanta operates a neutral-host, Wi-Fi public internet system that substantially covers the indoor areas of the Hartsfield-Jackson Atlanta International Airport (the "Airport");

WHEREAS, the Airport is moving from a fee-based business model to a hybrid business model consisting of both fee-based and free portions of the Wi-Fi network; and

WHEREAS, the Department of Aviation recommends that the City enter into agreements with wireless internet service providers to provide the fee-based portion of the Wi-Fi network until March 1, 2010. The Airport will provide the free portion of the Wi-Fi network.

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF ATLANTA, that the Mayor is authorized to execute agreements with wireless internet service providers for fee-based, public Wi-Fi service at the Airport, until March 1, 2010. The agreements shall contain substantially the following terms and conditions:

1. Privilege Fee: Each wireless internet service provider shall pay a \$2.00 per-connect fee to the Airport. The connection fees are payable monthly to the City and will be reconciled on a quarterly basis.
2. O&M Fees: There will not be any operation and maintenance fees.
3. Monthly Reports from Wireless Internet Service Providers: By the 20th of each month, each wireless internet service provider will provide a connection activity report for the previous month in a format approved by the Aviation General Manager.
4. Additional Equipment: In the event that the Airport needs additional equipment to improve the existing operational capabilities of the wireless internet infrastructure, the Airport will develop a plan of design and implementation. Current wireless internet service providers will be able to review the scope of work and the estimated cost for the equipment. The

Aviation General Manager reserves the right to determine the method of payment from the wireless internet service providers for all costs of additional equipment.

5. Permits: All wireless internet service providers shall obtain and maintain at their own expense, all present and future permits and licenses required by all federal, state, and local authorities pertaining to the performance of their operations.

BE IT FURTHER RESOLVED, that the City enter into agreements with wireless internet service providers to provide the fee-based portion of the Wi-Fi network until March 1, 2010. The Airport will provide the free portion of the Wi-Fi network.

BE IT FURTHER RESOLVED, that the City Attorney is directed to prepare the agreements for execution by the Mayor that substantially conform to the terms herein.

BE IT FURTHER RESOLVED, that the agreement shall not become binding upon the City and the City shall incur no liability until the agreement is executed by the Mayor, attested to by the Municipal Clerk, and approved as to form by the City Attorney.

Part II: Legislative White Paper: (This portion of the Legislative Request Form will be shared with City Council members and staff)

A. To be completed by Legislative Counsel:

Committee of Purview:

Caption:

Council Meeting Date:

Requesting Dept.:

FAC Confirmed by:

B. To be completed by the Department:

1. Please provide a summary of the purpose of this legislation (Justification Statement).

The first of four Wireless Fidelity (Wi-Fi) contracts expired October 13, 2008. An interim agreement is needed, with a term of 18 months, to test system capability and collect data to adopt a more lucrative system and balance the impacts on the passenger experience. Our goal is to test a hybrid (dual) complimentary (free) and fee-based (pay-for-use) WI-FI business model.

Customers continually express their desire for the airport to provide free Wi-Fi and currently, three (3) of the top ten (10) U.S. Airports (Denver, Las Vegas, and Orlando) have migrated to a totally free model for their customers. Wi-Fi Service is viewed as an important amenity for passengers, not unlike other airport services that are offered on a pay-for-use basis. Research indicates that a free service coupled with the receipt of advertising on the splash page, can produce revenue that may exceed revenue from a sole fee-based service, as well as pay for the operations and maintenance (O&M) expense associated with the a system of this type. Our goal dually test this approach, as well as to initially satisfy both the business and leisure traveler at the airport by providing a branded pay-fee systems with a current WISP providers (which is perceived as secure and reliable), and also maintain a free system (which is perceived as an added service amenity).

Initially, Wi-Fi revenue will significantly decrease; however, we project incremental increases in customer satisfaction scores and revenue once advertising-supported Wi-Fi is implemented. These will be realized once the 18-month test pilot period has ended. Statistics show connections at airports increase 10 to 20 times once free Wi-Fi is adopted; this fact and the airports demographics may offer demand for premium ad pricing in the future.

- (f) Proposals Received: 0
(g) Bidders/Proponents: 0
(h) Term of Contract: 18 months; No extensions

4. Fund Account Center (*Ex. Name and number*): N/A

Fund: NA Account: NA Center: NA

5. Source of Funds: *Example: Local Assistance Grant* N/A

6. Fiscal Impact: Revenue Generating

Example: This legislation will result in a reduction in the amount of _____ to Fund Account Center Number _____.

7. Method of Cost Recovery: N/A

Examples:

- a. Revenues generated from the permits required under this legislation will be used to fund the personnel needed to carry out the permitting process.*
- b. Money obtained from a local assistance grant will be used to cover the costs of this Summer Food Program.*

This Legislative Request Form Was Prepared By: Marshall Taggart, Jr., Concessions Manager

The objective of this legislation is the following:

- Renegotiate and replace the current WISP agreements with an interim agreement that will allow the airport to sync up all WISP expiration dates;
- Cancel the Minimum Annual Guarantee (MAG) and provide carriers with a \$2.00 base-per connection charge;
- Remove the inability of the airport to offer free service to its customers;
- Monitor system stability in a hybrid paid/free environment; and
- Collect vital data to select the most lucrative advertising based business model for the airport

Once the interim agreement is crafted, we expect to sign all four of the existing providers. These WISPS are responsible for over 85% of our connections and have expressed a desire to renew their agreements. We anticipate collecting \$2.00 per connection for the paid portion of the hybrid. We believe this is still a viable market for business travelers to use a fee-based service.

2. Please provide background information regarding this legislation.

In October 2005, Hartsfield-Jackson was the first large hub airport to successfully launch an airport-wide neutral host Wireless fidelity, commonly known as Wi-Fi, in 5.8 million square feet of its facility. Originally, six wireless internet service providers (WISP) signed three (3) year contracts that established a competitive pricing structure. After competition, six wireless service providers decreased to four, where Boingo merged its services with Concourse and Sprint. The remaining providers are the following: Opti-Fi, T-Mobile, and Access Anyplace are the remaining service providers. Cost recovery of \$1.5 million was achieved within one year, rather than three years, as projected.

Instead of one Wireless Internet Service Provider (WISP) owning or managing the system, the Airport is its proprietor. When a user powers onto their laptop, if they have a wireless card (internal & external) the airport's SSID will communicate with them resulting in the display of the splash page. The splash page will allow access to all information on the Atlanta Airport website and the World Wide Web with wireless internet access. The interim splash page will offer a free option, as well as pay-fee services once the proposed agreement is in place.

The DOA plans to will fully manage with in-house staff, an enterprise-class service. The O&M Expense is projected at \$0 for FY: 2008-09.

3. If Applicable/Known:

- (a) Contract Type (e.g. Professional Services, Construction Agreement, etc): Concession
- (b) Source Selection: N/A
- (c) Bids/Proposals Due: N/A
- (d) Invitations Issued: NA
- (e) Number of Bids: N/A

TRANSMITTAL FORM FOR LEGISLATION

TO: MAYOR'S OFFICE

ATTN: GREG PRIDGEON

Dept.'s Legislative Liaison: Anita Williams

Contact Number: 404-530-6600

Originating Department: Aviation

Committee(s) of Purview: Transportation

Chief of Staff Deadline: 11/12/08

Anticipated Committee Meeting Date(s): 11/26/08

Anticipated Full Council Date: 12/01/08

Commissioner Signature: 


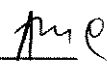
CAPTION

A RESOLUTION AUTHORIZING THE MAYOR TO EXECUTE AGREEMENTS BETWEEN THE CITY AND WIRELESS INTERNET SERVICE PROVIDERS TO UTILIZE AIRPORT EQUIPMENT TO PROVIDE WIRELESS INTERNET SERVICE AT THE HARTSFIELD-JACKSON ATLANTA INTERNATIONAL AIRPORT, UNTIL MARCH 1, 2010, AND FOR OTHER PURPOSES.

FINANCIAL IMPACT (if any)

Mayor's Staff Only

Received by CPO: _____ (date) Received by LC from CPO: _____ (date)

Received by Mayor's Office: 11.10.08  (date) Reviewed by: 11/14/08  (date)

Submitted to Council: _____ (date)